## REMARKS BY SENATOR HUBERT H. HUMPHREY

## MINNESOTA TECHNICAL COLLEGE

Waseca, Minnesota

March 9, 1975

I am delighted to be with you here today. Your recent discussion sessions have been very timely and relevant.

Previous discussion topics have been:

"Rural Land vs. Urban Spraw1"

"The Farmer vs. The Environmentalist" and

"Private Rights vs Public Need."

Today's subject is "The World Food Supply vs. the Farmer."

I would suggest that the topic be stated more positively: "The American Farmer and the World Food Needs."

There is a great deal that our farmers can do to deal with the world food problem. And I know that they are prepared to respond.

The burning issue facing our farmers today is whether our policies can be revised to support agricultural production.

What we need is a National Food and Agricultural Policy which is relevant to today's needs.

It seems unbelievable to me that we allow over 3 thousand Minnesota dairy farmers to be driven out of production, and all in one year.

Our livestock producers have been losing money now for the last two years. And the situation keeps getting worse.

And now our grain farmers -- who have tasted high prices -- are facing a very uncertain future. The world grain markets have grown soft as the Depression has extended its reaches.

Contracts have been cancelled by the Soviet Union, China and other countries at the expectation of lower U.S. grain prices in the future.

If our farmers produce the bumper crop that they have been asked to grow, the prices will fall through the floor. Farmers themselves, not housewives, are the biggest users and consumers of grains.

A crop of 2.2 billion bushels of wheat or 6.5 billion bushels of corn would lead to drastically reduced prices. We all know that today's target prices and loan levels are so low as to be a mockery.

Today's existing target and loan prices are:

	Target Prices	Loan Levels
Wheat	\$2.05	\$1.37
Corn	1.38	1.10
Cotton	.38	.34
Soybeans	* * * *	2.25

57

Under this situation, we also need to face the likely prospect of having outside nations again raiding our markets. We need export markets, but we must take steps to protect our farmers against "roller coaster" price changes.

Since we produce about half of the world's surplus food, what we do is critical in the world food equation.

Where do we begin? We must develop a policy that first takes into account the needs of our farmers and urban consumers. Both groups have an interest in a sound and profitable agriculture.

At the same time, our policy must not be tilted in favor of one farm group over another.

In the past, we have been beset by surplus production. Today the outlook is uncertain, but the chances are that we will have continuing scarcity.

And our policy must be prepared for occasional years of surplus as well as the likely food shortages.

In spite of the need to get away from yo-yo prices, our Secretary of Agriculture continues to bask in his eternal optimism. There seems to be almost no understanding of the farmers' problems, and particularly, rising production costs.

The witnesses at our recent agricultural hearings, almost without exception, urged higher target and loan prices to recognize today's new realities.

The Administration witnesses conceded the sharp increases in production costs, but they constantly emphasized keeping government out of agriculture.

The problem with this reply is that the government is already heavily involved in agriculture.

Our farmers are rightly concerned when President Ford calls on them to produce to the hilt in order to fight inflation. Does he realize that this sounds like low prices and overproduction?

The Chairman of the Council of Economic Advisers recently sounded the same theme. Unfortunately, most of our economists have little understanding of the cost-price squeeze faced by our farmers.

If you listen to the Administration's story, you would think that the farmer can control his production like an assembly line.

Farmers cannot limit production like General Motors. But this Administration talks as if the economics of agriculture and automobiles are the same.

Since the government has asked the farmer to produce to the limit, it should share some of the risk. Why should farmers face ruin and bankruptcy because of good weather and bumper crops?

In an era where food is likely to be in short supply, we need to treat it as the scarce and valuable commodity that it is.

1,7

I also have suggested that we need a short supply management program when our crops are in short supply. This is to avoid export embargoes and the jolts they give to our markets. We need to be on the alert when our food supplies are tight.

We also must stop deluding oursleves about the existence of an international free market. Other major exporting and importing countries have established state trading corporations or agencies which respond to political as well as economic opportunities.

In last fall's sale to the Soviet Union, the Department of Agriculture finally conceded that we did not have an international free market.

Unfortunately, this was a painful lesson, and our government resorted to changing the rules of business in the middle of the game.

We must face the potential for the manipulation of our markets by outside countries. We can tell when supplies are likely to be in short supply and act accordingly.

I hope we have gotten away from the notion that sell, sell, sell is worthy of being called a policy.

Another major feature of a national food policy is a reserve program.

I realize the controversy created by this subject. But we do need a program which will enable the government to make purchases when there is excess production. At the same time, firm rules are required so that any reserves held by the government do not depress prices.

A reserve can give some stability to our markets and meet export and disaster requirements. Reserves held exclusively by trading companies cannot be relied upon to meet national needs.

I have recommended that the government hold a very modest level of reserves. We owe this to our consumers and our farmers who are the main users of grains. It also is needed for our own national defense.

We hear that the Soviet Union has a strategic stockpile of food. Everyone knows stories about battles throughout history which were influenced because of food shortages.

Where is our own strategic reserve? We have reserves of guns and weapons. Our banks have reserves as required by law.

Why should we be so foolish as to be willing to sell off all we have to anyone who comes along with money in hand?

Certainly carrying these reserves are not without certain costs. And yet this Administration has an ideological hangup over food reserves.

I was happy to hear that the highly respected former government of the Farm Credit Administration, Mr. Ed Jaenke, spoke in support of a food reserve. He said that consumers:

". . . don't want to see the food shelves empty; they look at a stockpile, a strategic reserve, to make sure we don't run out. It doesn't mean that it has to result in a price-depressing thing. I think we're smart enough to devise a reserve program for this country that makes sense to both farmers and consumers . . . and we don't have to fight with each other over it."

#,

I believe that a reserve program can be devised to give our consumers some assurance of adequate supplies of food. And a reserve can be utilized to keep farm prices at reasonable levels when there is excess production.

Another area of concern in constructing a sound policy is key agricultural inputs such as fertilizer, twine, seeds, labor, fuel and transportation.

In the past these were assumed to be in adequate supply and at reasonable prices. That has all changed in recent years with higher prices and continuing scarcities.

Our farmers also have had to struggle with inadequate information on weather and crop estimates. The Department of Agriculture has a great deal of room for improvement in these areas.

Developing a sound food and agricultural policy requires looking beyond our own borders. We need to relate the needs of the developing countries for food aid and increased agricultural production to our own policies.

In the aftermath of the World Food Conference there has been a lot of talk about what the developing countries must do to deal with the food problem. And there is much that they can do.

By the year 2000, over 60 percent of the world's population will be located in the developing world, and this does not include the People's Republic of China which will account for another 18 percent.

This will leave one person in five in what we refer to as the developed world.

The clear conclusion that is drawn from these numbers is that we must all work together unless we want to be an island of prosperity in an ever growing sea of poverty.

We can be helpful, as in the past, by providing food aid. But greater stress must be placed on expanding food production.

To respond to this challenge is in our own long range interest. It also is the right thing to do.

But we cannot duck down and leave the food problem to others. And we cannot draw up our policies without a keen regard for the developing nations.

These five key areas must be considered in developing a sound food policy. And they are:

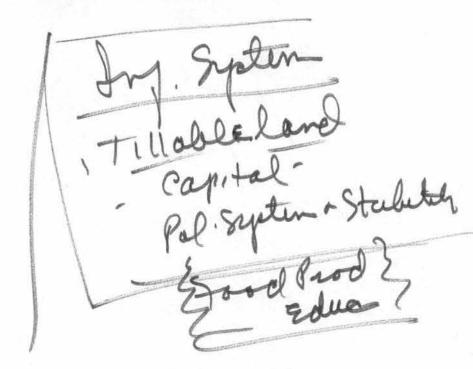
- 1. Increasing target and loan prices;
- Our export markets;
- 3. A reserve program;
- 4. Production inputs; and
- 5. Food aid and food production in the developing world.

I do not claim that this is the only list that could be developed. But these elements are important, and it is urgent that a food and agricultural policy be developed.

Developing this policy is of critical importance to our American heartland. And, of course, our productive Midwest is of central importance in addressing the world food needs.

I urge you to join in supporting this effort.

# # # # #



REMARKS BY SENATOR HUBERT H. HUMPHREY

MINNESOTA TECHNICAL COLLEGE
Waseca, Minnesota
March 9, 1975

Brown Fing Mr win Herly Roy achter Jurisland Search I AM DELIGHTED TO BE WITH YOU HERE TODAY, YOUR RECENT
DISCUSSION SESSIONS HAVE BEEN VERY TIMELY AND RELEVANT.

PREVIOUS DISCUSSION TOPICS HAVE BEEN:

"RURAL LAND VS. URBAN SPRAWL"

"THE FARMER VS. THE ENVIRONMENTALIST" AND

"PRIVATE RIGHTS VS PUBLIC NEED."

TODAY'S SUBJECT IS "THE WORLD FOOD SUPPLY VS. THE FARMER."

I WOULD SUGGEST THAT THE TOPIC BE STATED MORE POSITIVELY:

"THE AMERICAN FARMER AND THE WORLD FOOD NEEDS." Solde

Soldier for Peace

THERE IS A GREAT DEAL THAT OUR FARMERS CAN DO TO DEAL WITH

THE WORLD FOOD PROBLEM. AND I KNOW THAT THEY ARE PREPARED TO

Shouther Rick -2
The burning issue facing our farmers today is whether our

POLICIES CAN BE REVISED TO SUPPORT AGRICULTURAL PRODUCTION.

WHAT WE NEED IS A NATIONAL FOOD AND AGRICULTURAL POLICY

WHICH IS RELEVANT TO TODAY'S NEEDS,

IT SEEMS UNBELIEVABLE TO ME THAT WE ALLOW OVER 3 THOUSAND

MINNESOTA DAIRY FARMERS TO BE DRIVEN OUT OF PRODUCTION.

IN ONE YEAR.

OUR LIVESTOCK PRODUCERS HAVE BEEN LOSING MONEY NOW FOR THE LAST TWO YEARS. AND THE SITUATION KEEPS GETTING WORSE.

AND NOW OUR GRAIN FARMERS -- WHO HAVE TASTED HIGH PRICES --

ARE FACING A VERY UNCERTAIN FUTURE. THE WORLD GRAIN MARKETS HAVE

GROWN SOFT AS THE TERRESSION HAS EXTENDED ITS REACHES.

CONTRACTS HAVE BEEN CANCELLED BY THE SOVIET UNION, CHINA

AND OTHER COUNTRIES AT THE EXPECTATION OF LOWER U.S. GRAIN

PRICES IN THE FUTURE.

IF OUR FARMERS PRODUCE THE BUMPER CROP THAT THEY HAVE BEEN

ASKED TO GROW, THE PRICES WILL FALL THROUGH THE FLOOR FARMERS

THEMSELVES, NOT HOUSEWIVES, ARE THE BIGGEST USERS AND CONSUMERS

OE GRAINS

A CROP OF 2.2 BILLION BUSHELS OF WHEAT OR 6.5 BILLION

BUSHELS OF CORN WOULD LEAD TO DRASTICALLY REDUCED PRICES. WE

ALL KNOW THAT TODAY'S TARGET PRICES AND LOAN LEVELS ARE SO LOW

AS TO BE A MOCKERY.

## TODAY'S EXISTING TARGET AND LOAN PRICES ARE:

	TARGET PRICES	LOAN LEVELS
WHEAT	\$2.05	\$1,37
CORN	1,38	1,10
COTTON	.38	.34
SOYBEANS		2,25

UNDER THIS SITUATION, WE ALSO NEED TO FACE THE LIKELY

PROSPECT OF HAVING OUTSIDE NATIONS AGAIN RAIDING OUR MARKETS.

WE NEED EXPORT MARKETS, BUT WE MUST TAKE STEPS TO PROTECT OUR

FARMERS AGAINST "ROLLER COASTER" PRICE CHANGES.

SINCE WE PRODUCE ABOUT HALF OF THE WORLD'S SHRPLUS FO

WHAT WE DO IS CRITICAL IN THE WORLD FOOD EQUATION.

WHERE DO WE BEGIN? WE MUST DEVELOP A POLICY THAT FIRST

TAKES INTO ACCOUNT THE NEEDS OF OUR FARMERS AND URBAN CONSUMERS.

BOTH GROUPS HAVE AN INTEREST IN A SOUND AND PROFITABLE

AGRICULTURE.

AT THE SAME TIME, OUR POLICY MUST NOT BE TILTED IN FAVOR OF ONE FARM GROUP OVER ANOTHER. - Grains - Fruith

IN THE PAST, WE HAVE BEEN BESET BY SURPLUS PRODUCTION.

Today the outlook is uncertain, but the chances are that decile

will have continuing scarcity. I got rupply fellication

AND OUR POLICY MUST BE PREPARED FOR OCCASIONAL YEARS OF

SURPLUS AS WELL AS THE LIKELY FOOD SHORTAGES.

IN SPITE OF THE NEED TO GET AWAY FROM YO-YO PRICES, OUR

SECRETARY OF AGRICULTURE CONTINUES TO BASK IN HIS ETERNAL

OPTIMISM THERE SEEMS TO BE ALMOST NO UNDERSTANDING OF THE

FARMERS' PROBLEMS, AND PARTICULARLY, RISING PRODUCTION COSTS.

THE WITNESSES AT OUR RECENT AGRICULTURAL HEARINGS, ALMOST WITHOUT EXCEPTION, URGED HIGHER TARGET AND LOAN PRICES TO RECOGNIZE TODAY'S NEW REALITIES.

THE ADMINISTRATION WITNESSES CONCEDED THE SHARP INCREASES

IN PRODUCTION COSTS, BUT THEY CONSTANTLY EMPHASIZED KEEPING

GOVERNMENT OUT OF AGRICULTURE.

THE PROBLEM WITH THIS REPLY IS THAT THE GOVERNMENT IS

ALREADY HEAVILY INVOLVED IN AGRICULTURE.

OUR FARMERS ARE RIGHTLY CONCERNED WHEN PRESIDENT FORD

CALLS ON THEM TO PRODUCE TO THE HILT IN ORDER TO FIGHT INFLATION.

Does HE REALIZE THAT THIS SOUNDS LIKE LOW PRICES AND OVER-

PRODUCTION?

THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS RECENTLY

SOUNDED THE SAME THEME. UNFORTUNATELY. WHO OF OUR ECONOMISTS HAVE

LITTLE UNDERSTANDING OF THE COST-PRICE SQUEEZE FACED BY OUR

FARMERS.

IF YOU LISTEN TO THE ADMINISTRATION'S STORY, YOU WOULD

THINK THAT THE FARMER CAN CONTROL HIS PRODUCTION LIKE AN ASSEMBLY

LINE.

FARMERS CANNOT LIMIT PRODUCTION LIKE GENERAL MOTORS. BUT

THIS ADMINISTRATION TALKS AS IF THE ECONOMICS OF AGRICULTURE AND

AUTOMOBILES ARE THE SAME.

SINCE THE GOVERNMENT HAS ASKED THE FARMER TO PRODUCE TO

THE LIMIT, IT SHOULD SHARE SOME OF THE RISK. WHY SHOULD FARMERS

FACE RUIN AND BANKRUPTCY BECAUSE OF GOOD WEATHER AND BUMPER CROPS?

IN AN ERA WHERE FOOD IS LIKELY TO BE IN SHORT SUPPLY,

WE NEED TO TREAT IT AS THE SCARCE AND VALUABLE COMMODITY THAT IT

IS.

I A HAVE SUGGESTED THAT WE NEED A SHORT SUPPLY MANAGEMENT PROGRAM WHEN OUR CROPS ARE IN SHORT SUPPLY THIS IS TO AVOID

EXPORT EMBARGOES AND THE JOLTS THEY GIVE TO OUR MARKETS WE NEED

TO BE ON THE ALERT WHEN OUR FOOD SUPPLIES ARE TIGHT.

ME AMOUNT STOP DELUDING OURSLEVES ABOUT THE EXISTENCE

OF AN INTERNATIONAL FREE MARKET. OTHER MAJOR EXPORTING AND

IMPORTING COUNTRIES HAVE ESTABLISHED STATE TRADING CORPORATIONS

OR AGENCIES WHICH RESPOND TO POLITICAL AS WELL AS ECONOMIC

OPPORTUNITIES.

IN LAST FALL'S SALE TO THE SOVIET UNION, THE DEPARTMENT

OF AGRICULTURE FINALLY CONCEDED THAT WE DID NOT HAVE AN

INTERNATIONAL FREE MARKET.

UNFORTUNATELY, THIS WAS A PAINFUL LESSON, AND OUR GOVERNMENT RESORTED TO CHANGING THE RULES OF BUSINESS IN THE MIDDLE OF THE GAME.

WE MUST FACE THE POTENTIAL FOR THE MANIPULATION OF OUR MARKETS BY OUTSIDE COUNTRIES. WE CAN TELL WHEN SUPPLIES ARE LIKELY TO BE IN SHORT SUPPLY AND ACT ACCORDINGLY.

THOSE WE HAVE COTTEN MAY PROPERTY NOTION THAT CELE

SELL, SELL IS WORTHY OF BEING CALLED A POLICY.

ANOTHER MAJOR FEATURE OF A NATIONAL FOOD POLICY IS A

/ I REALIZE THE CONTROVERSY CREATED BY THIS SUBJECT.

BUT WE DO NEED A PROGRAM WHICH WILL ENABLE THE GOVERNMENT TO

MAKE PURCHASES WHEN THERE IS EXCESS PRODUCTION AT THE SAME

TIME, FIRM RULES ARE REQUIRED SO THAT ANY RESERVES HELD BY THE

GOVERNMENT DO NOT DEPRESS PRICES.

A RESERVE CAN GIVE SOME STABILITY TO OUR MARKETS AND

MEET EXPORT AND DISASTER REQUIREMENTS. RESERVES HELD EXCLUSIVELY

BY TRADING COMPANIES CANNOT BE RELIED UPON TO MEET NATIONAL

NEEDS.

I HAVE RECOMMENDED THAT THE GOVERNMENT HOLD A VERY MODEST

LEVEL OF RESERVES. WE OWE THIS TO OUR CONSUMERS AND OUR FARMERS

WHO ARE THE MAIN USERS OF GRAINS IT ALSO IS NEEDED FOR OUR

OWN NATIONAL DEFENSE.

WE HEAR THAT THE SOVIET UNION HAS A STRATEGIC STOCKPILE OF FOOD. EVERYONE WOUS STORIES ABOUT BATTLES THROUGHOUT HISTORY WHICH WERE INFLUENCED BECAUSE OF FOOD SHORTAGES.

WHERE IS OUR OWN STRATEGIC RESERVE? WE HAVE RESERVES OF

GUNS AND WEAPONS. OUR BANKS HAVE RESERVES AS REQUIRED BY LAW.

WHY SHOULD WE BE SO FOOLISH AS TO BE WILLING TO SELL OFF

ALL WE HAVE TO ANYONE WHO COMES ALONG WITH MONEY IN HAND?

CERTAINLY, CARRYING THESE RESERVES ARE NOT WITHOUT CERTAIN

BUYLOW - SLOULING

COSTS. AND YET THIS ADMINISTRATION HAS AN IDEOLOGICAL HANGUP

COSTS. AND YET THIS ADMINISTRATION HAS AN IDEOLOGICAL HANGUP
OVER FOOD RESERVES.

I WAS HAPPY TO HEAR THAT THE HIGHLY RESPECTED FORMER GOVERNMENT OF THE FARM CREDIT ADMINISTRATION, MR. ED JAENKE, SPOKE IN SUPPORT OF A FOOD RESERVE. HE SAID THAT CONSUMERS:

". . . DON'T WANT TO SEE THE FOOD SHELVES EMPTY;
THEY LOOK AT A STOCKPILE, A STRATEGIC RESERVE, TO MAKE
SURE WE DON'T RUN OUT. IT DOESN'T MEAN THAT IT HAS TO

RESULT IN A PRICE-DEPRESSING THING, I THINK WE'RE

SMART ENOUGH TO DEVISE A RESERVE PROGRAM FOR THIS

COUNTRY THAT MAKES SENSE TO BOTH FARMERS AND CONSUMERS

. . AND WE DON'T HAVE TO FIGHT WITH EACH OTHER OVER IT."

I BELIEVE THAT A RESERVE PROGRAM CAN BE DEVISED TO GIVE OUR CONSUMERS SOME ASSURANCE OF ADEQUATE SUPPLIES OF FOOD. AND A RESERVE CAN BE UTILIZED TO KEEP FARM PRICES AT REASONABLE LEVELS

WHEN THERE IS EXCESS PRODUCTION.

Another area of concern in constructing a sound policy is

KEY AGRICULTURAL INPUTS SUCH AS FERTILIZER, TWINE, SEEDS, LAND

FUEL AND TRANSPORTATION.

IN THE PAST THESE WERE ASSUMED TO BE IN ADEQUATE SUPPLY

AND AT REASONABLE PRICES THAT HAS ALL CHANGED IN RECENT YEARS

WITH HIGHER PRICES AND CONTINUING SCARCITIES.

OUR FARMERS ALSO HAVE HAD TO STRUGGLE WITH INADEQUATE INFORMATION ON WEATHER AND CROP ESTIMATES. (THE DEPARTMENT OF AGRICULTURE HAS A GREAT DEAL OF ROOM FOR IMPROVEMENT IN THESE AREAS. DEVELOPING A SOUND FOOD AND AGRICULTURAL POLICY REQUIRES LOOKING BEYOND OUR OWN BORDERS, WE NEED TO RELATE THE NEEDS OF THE DEVELOPING COUNTRIES FOR FOOD AID AND INCREASED AGRICULTURAL PRODUCTION TO OUR OWN POLICIES.

IN THE AFTERMATH OF THE WORLD FOOD CONFERENCE THERE HAS BEEN A LOT OF TALK ABOUT WHAT THE DEVELOPING COUNTRIES MUST DO TO DEAL WITH THE FOOD PROBLEM. AND THERE IS MUCH THAT THEY CAN DO.

BY THE YEAR 2000, OVER 60 PERCENT OF THE WORLD'S POPULATION WILL BE LOCATED IN THE DEVELOPING WORLD, AND THIS DOES NOT INCLUDE THE PEOPLE'S REPUBLIC OF CHINA WHICH WILL ACCOUNT FOR ANOTHER 18 PERCENT.

THIS WILL LEAVE ONE PERSON IN FIVE IN WHAT WE REFER TO AS
THE DEVELOPED WORLD. The Indianalysed areas.

THE CLEAR CONCLUSION THAT IS DRAWN FROM THESE NUMBERS IS

THAT WE MUST ALL WORK TOGETHER UNLESS WE WANT TO BE AN ISLAND

OF PROSPERITY IN AN EVER GROWING SEA OF POVERTY.

WE CAN BE HELPFUL, AS IN THE PAST, BY PROVIDING FOOD

AID. BUT GREATER STRESS MUST BE PLACED ON EXPANDING FOOD PRODUCTION.

(For Assist Act
World Dank
Fond Front Colleges

To RESPOND TO THIS CHALLENGE IS IN OUR OWN LONG RANGE INTEREST. IT ALSO IS THE RIGHT THING TO DO.

BUT WE CANNOT DUCK DOWN AND LEAVE THE FOOD PROBLEM TO OTHERS.

POLICIES WITHOUT A KEEN REGARD FOR THE

DEVELOPING NATIONS.

THESE FIVE KEY AREAS MUST BE CONSIDERED IN DEVELOPING And Agricultural A SOUND FOOD, POLICY. AND THEY ARE:

- INCREASING TARGET AND LOAN PRICES;
- 2. OUR EXPORT MARKETS:
- A RESERVE PROGRAM;
- PRODUCTION INPUTS: AND Furtilizer, fuel, Rules,
- FOOD AID AND FOOD PRODUCTION IN THE DEVELOPING WORLD.

I DO NOT CLAIM THAT THIS IS THE ONLY LIST THAT COULD BE DEVELOPED. BUT THESE ELEMENTS ARE IMPORTANT, AND IT IS URGENT THAT A FOOD AND AGRICULTURAL POLICY BE DEVELOPED.

DEVELOPING THIS POLICY IS OF CRITICAL IMPROTANCE TO OUR

AMERICAN HEARTLAND. AND, OF COURSE, OUR PRODUCTIVE MIDWEST IS

OF CENTRAL IMPORTANCE IN ADDRESSING THE WORLD FOOD NEEDS.

I URGE YOU TO JOIN IN SUPPORTING THIS EFFORT.

# # # # #

## Minnesota Historical Society

Copyright in this digital version belongs to the Minnesota Historical Society and its content may not be copied without the copyright holder's express written permission. Users may print, download, link to, or email content, however, for individual use.

To request permission for commercial or educational use, please contact the Minnesota Historical Society.

